



Control Number: 46948



Item Number: 49

Addendum StartPage: 0

DeAnn T. Walker
Chairman

Arthur C. D'Andrea
Commissioner

Shelly Botkin
Commissioner

John Paul Urban
Executive Director



Greg Abbott
Governor

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Public Utility Commission of Texas

PUBLIC UTILITY COMMISSION
CLERK

TO: DeAnn T. Walker, Chairman
Arthur C. D'Andrea, Commissioner
Shelly Botkin, Commissioner

All Parties of Record

FROM: Irene Montelongo
Director, Docket Management

RE: **Open Meeting of August 9, 2018**
PUC Docket No. 46948
SOAH Docket No. 473-17-5930.WS – *Application of Vineyard Ridge, LLC to Obtain a Water Certificate of Convenience and Necessity in Gillespie County*

DATE: July 12, 2018

Enclosed is a copy of the Proposed Order in the above-referenced docket. The Commission will consider this docket at an open meeting presently scheduled to begin at 9:30 a.m. on Thursday, August 9, 2018, at the Commission's offices, 1701 North Congress Avenue, Austin, Texas. The parties shall file corrections or exceptions to the Proposed Order on or before Wednesday, August 1, 2018.

On August 30, 2017, this proceeding was referred to the State Office of Administrative Hearings. Subsequently, the docket was returned to the Commission.

If there are no corrections or exceptions, no response is necessary.

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PUC DOCKET NO. 46948
SOAH DOCKET NO. 473-17-5930.WS

APPLICATION OF VINEYARD	§	PUBLIC UTILITY COMMISSION
RIDGE, LLC TO OBTAIN A WATER	§	
CERTIFICATE OF CONVENIENCE	§	OF TEXAS
AND NECESSITY IN GILLESPIE	§	
COUNTY	§	

PROPOSED ORDER

This Order addresses the application of Vineyard Ridge, LLC (Vineyard Ridge) for a water certificate of convenience and necessity (CCN) in Gillespie County and Vineyard Ridge's initial proposed tariff. Commission Staff recommends approval of the application, as supplemented. The Commission approves Vineyard Ridge's application, as supplemented and to the extent provided in this Order.

The Commission adopts the following findings of fact and conclusions of law:

I. Findings of Fact

Applicant

1. Vineyard Ridge is a Delaware limited liability company that is a wholly-owned subsidiary of National Land Partners III, LLC, which is a wholly-owned subsidiary of National Land Partners Holdings, LLC.
2. Vineyard Ridge proposes to construct facilities and equipment to provide retail potable water service for compensation.

Application

3. Vineyard Ridge proposes a service area of approximately 660 acres in Gillespie County with no current customers. Vineyard Ridge plans to develop the requested service area as a residential subdivision with 160 lots and a centralized, public water system.
4. The proposed service area is located approximately 14 miles northeast of downtown Fredericksburg, bounded on the north by North Grape Creek Road, on the east by North Grape Creek Road, on the south by Farm-to-Market Road 2721, and on the west by Dry Hollow Road, also known as County Road 109.

5. The proposed service area is not within the city limits or extraterritorial jurisdiction of any municipality.
6. Vineyard Ridge also requests that the Commission approve a tariff, including retail rates, to become effective when Vineyard Ridge begins to provide retail service to the public.
7. The application consists of the original filing on March 15, 2017, and the supplements to the application filed on April 17, 2017, May 3, 2017, and February 13, 2018.

Notice

8. Notice of the application appeared in the March 31, 2017 issue of the *Texas Register*.
9. On July 17, 2017, Vineyard Ridge filed proof that it had provided notice of its application. That proof included the affidavit of Bryan Boyd attesting that Vineyard Ridge provided individual notice by certified mail and the affidavit of Ken Estén Cooke, publisher, attesting that *Fredericksburg Standard Radio Post*, a periodical with general circulation in Gillespie County, published notice of the application on July 5 and 12, 2017.

Adequacy of Existing Service and Need for Service

10. No retail public utility currently provides service to the requested area.
11. Vineyard Ridge is the landowner that is developing the requested area into a residential subdivision.
12. The Texas Commission on Environmental Quality (TCEQ) granted Vineyard Ridge approval to construct a public water system in the requested area.
13. TCEQ assigned identification number 0860144 to Vineyard Ridge's TCEQ-approved public water system.

Effect of Granting the CCN

14. Granting the CCN will enable Vineyard Ridge to include a public water system in its residential subdivision.
15. Granting Vineyard Ridge a CCN will enable the 160 lot owners within the subdivision to receive service from a state-approved and monitored public water system.

16. Approving the CCN will have a minimal effect on other retail public utilities servicing the proximate area because no existing water utilities are within five miles of the requested area.

Applicant's Ability to Provide Adequate Service

17. TCEQ has determined that Vineyard Ridge is capable of providing drinking water that meets the requirements of chapter 341 of the Texas Health and Safety Code.
18. The Hill Country Underground Water Conservation District granted Vineyard Ridge a groundwater production permit for the use of approved water wells to produce enough groundwater to meet TCEQ requirements to serve the requested area.
19. Vineyard Ridge is currently developing the requested area and constructing facilities to provide service.

Feasibility of Obtaining Service from an Adjacent Retail Public Utility

20. There are no existing water utilities within five miles of the requested area.
21. Regionalization or consolidation with another retail public utility is not economically feasible.

Applicant's Financial Ability to Provide Adequate Service

22. Vineyard Ridge's managing members have provided financial assurance to pre-fund construction of the water facilities and agree to loan Vineyard Ridge the necessary funds.
23. Vineyard Ridge has a debt-to-equity ratio of 0.71.
24. Vineyard Ridge demonstrated that sufficient cash is available to cover projected operations and maintenance during the first five years of operation.
25. Vineyard Ridge has the financial capability to provide continuous and adequate service to the proposed service area.

Applicant's Managerial Ability to Provide Adequate Service

26. Vineyard Ridge has experience in the water utility industry in Texas, providing service to residents in the Spicewood and Houston areas.
27. The management of Vineyard Ridge has overseen numerous development projects with centralized, public water systems which include Chenango Ranch, Suncreek Estates, and

Suncreek Ranch in the Houston area; Sunrise Bay in the Port Lavaca area; and Summit Springs in Blanco and Burnet Counties.

28. Vineyard Ridge has the managerial capability to provide continuous and adequate service to the proposed area.

Applicant's Technical Ability to Provide Adequate Service

29. Vineyard Ridge has committed to hire a qualified contractor to operate the system on a daily basis.
30. Vineyard Ridge has secured Brent Taylor, a licensed water operator with Spicewood Utility Services, LLC, to operate the system.
31. Mr. Taylor has been a licensed water operator for more than 12 years.
32. Vineyard Ridge's wells have adequate capacity to serve the proposed number of connections in the requested area.
33. Vineyard Ridge has the technical capability to provide continuous and adequate service to the requested area.

Environmental Integrity

34. Disturbance to environmental integrity during construction of Vineyard Ridge's centralized water system will be temporary.
35. As Vineyard Ridge's development plan includes a centralized water system to serve the subdivision, the subdivision plat prohibits the drilling of individual wells.
36. Disturbance to environmental integrity during construction of Vineyard Ridge's centralized water system is negligible in comparison to the drilling of individual wells in the requested area.

Initial Rates and Tariff

37. No invested capital is currently used and useful as Vineyard Ridge has no current customers.
38. Once Vineyard Ridge completes its water facilities, acquires customers, and begins providing water service, Vineyard Ridge invested capital will be used and useful in providing service.

39. Once Vineyard Ridge begins providing service, it must have rates to charge customers in order to recover its reasonable and necessary costs and a reasonable opportunity for a reasonable return on its invested capital that is used and useful in providing service.
40. Vineyard Ridge's application included a rate-design study conducted by a consultant, B & D Environmental, Inc.
41. B & D Environmental's study used financial and utility cost data from Vineyard Ridge, as well as operation estimates provided by Spicewood Utility Services.
42. B & D Environmental based its rate-design study on assumptions, including the assumption that developer contributions will fund all of Vineyard Ridge's water utility plant and distribution system; thus, no return on invested capital was included in calculating Vineyard Ridge's cost of service.
43. B & D Environmental calculated two revenue requirements and associated rates for Vineyard Ridge: (a) one for the first of year of operation with a partial customer base; and (b) one for the second year with a full customer base.
44. In its application, Vineyard Ridge requested the lower rates calculated using a full customer base.
45. Vineyard Ridge requested rates solely for a standard residential meter of 5/8" or 3/4" plus gallonage and service charges.
46. Commission Staff attached a proposed tariff to its April 2, 2018 recommendation that the Commission approve Vineyard Ridge's application. Commission Staff's proposed tariff included the same rates requested by Vineyard Ridge.
47. The tariff provides a \$25.25 monthly base charge that does not include any gallons of water and a gallonage charge of \$2.07 per 1,000 gallons of water for a standard residential meter of 5/8" or 3/4."
48. The initial rates are subject to true up under 16 Texas Administrative Code (TAC) § 24.21(b)(1)(C).

Procedural History

49. On March 15, 2017, Vineyard Ridge filed an application to obtain a water CCN and an initial tariff.
50. In Order No. 1 issued on March 20, 2017, the Commission administrative law judge (ALJ) required Commission Staff to file comments on the administrative completeness of the application and the notice that Vineyard Ridge proposed. The Commission ALJ also ordered Commission Staff and Vineyard Ridge to propose a procedural schedule.
51. On April 17, 2017, Vineyard Ridge filed the first supplement to its application. That supplement included its organizational chart, public water system plan, status of area land sales, business plan, and financial information.
52. On April 17, 2017, Commission Staff filed a recommendation that Vineyard Ridge's application was administratively incomplete due to deficiencies with the maps, technical, and financial portions of the application.
53. In Order No. 2 issued on April 19, 2017, the Commission ALJ ordered Vineyard Ridge to cure the deficiencies noted by Commission Staff. The Commission ALJ also ordered Commission Staff to file an additional recommendation on administrative completeness and a proposed procedural schedule.
54. On May 3, 2017, Vineyard Ridge filed the second supplement to its application. That supplement included additional financial information.
55. On June 16, 2017, Commission Staff filed a supplemental recommendation that Vineyard Ridge's application was administratively complete following supplementation. In addition, Commission Staff provided a proposed notice, instructions on how to provide that notice, and affidavit forms for Vineyard Ridge to complete and file after it provided the notice. Commission Staff also proposed a procedural schedule.
56. In Order No. 3 issued on June 21, 2017, the Commission ALJ deemed the application administratively complete and established a procedural schedule. In addition, the Commission ALJ ordered Vineyard Ridge to provide notice consistent with Commission Staff's supplemental recommendation, including using the forms attached to Commission Staff's supplemental recommendation.

57. On June 23, 2017, Commission Staff filed a supplemental amended recommendation maintaining that the application was administratively complete, but correcting the proposed notice forms.
58. In Order No. 4 issued on June 27, 2017, the Commission ALJ noted that Commission Staff had filed corrections to the proposed notice forms and revised the procedural schedule.
59. On June 28 and 29, 2017, Vineyard Ridge mailed notice of the application to neighboring utility systems, landowners, cities, and affected parties.
60. On July 5 and 12, 2017, Vineyard Ridge published notice of the application in the *Fredericksburg Standard-Radio Post*, a newspaper of general circulation in Gillespie County.
61. On July 19, 2017, Commission Staff recommended that the ALJ find Vineyard Ridge's notice sufficient. Commission Staff also proposed a procedural schedule.
62. In Order No. 5 issued on July 21, 2017, the Commission ALJ deemed Vineyard Ridge's notice sufficient and adopted the procedural schedule proposed by Commission Staff.
63. On August 11, 2017, John McRae, a landowner with property near the requested service area, filed a motion to intervene and a request for a hearing on the merits.
64. In Order No. 6 issued on August 29, 2017, the Commission ALJ granted Mr. McRae's motion to intervene.
65. On August 30, 2017, the Commission referred this proceeding to the State Office of Administrative Hearings (SOAH) for assignment of an ALJ to conduct a hearing and issue a proposal for decision, if necessary. In the order of referral, Vineyard Ridge was ordered, and any other interested party was given, an opportunity to file a list of issues in this proceeding by September 13, 2017.
66. In SOAH Order No. 1 issued on September 5, 2017, the SOAH ALJ, among other things, set a prehearing conference and established filing, service, motion, and discovery requirements.
67. On September 13, 2017, Commission Staff and Mr. McRae each filed a list of issues.

68. On September 14, 2017, Vineyard Ridge filed a motion to reconsider the order granting Mr. McRae's motion to intervene and the order of referral.
69. On September 14, 2017, Vineyard Ridge filed a conditional list of issues for consideration if the Commission denied its motion for reconsideration.
70. On September 21, 2017, Mr. McRae filed a response in opposition to Vineyard Ridge's motion for reconsideration.
71. On September 29, 2017, the Commission issued a preliminary order.
72. In SOAH Order No. 2 issued on October 11, 2017, the SOAH ALJ referred this matter for mediation, set the dates for a hearing, and ordered parties to submit an agreed procedural schedule.
73. On October 18, 2017, Vineyard Ridge filed, on behalf of all the parties, an agreed procedural schedule and an agreement that parties serve each other by email.
74. In SOAH Order No. 3 issued on October 25, 2017, the SOAH ALJ adopted the agreed procedural schedule.
75. On February 9, 2018, Mr. McRae and Vineyard Ridge filed an unopposed joint notice of settlement, motion to withdraw Mr. McRae's intervention and his request for a hearing, and motion to revise the procedural schedule, including continuing the hearing on the merits.
76. In SOAH Order No. 4 issued on February 12, 2018, the SOAH ALJ dismissed Mr. McRae as a party, granted the motion to continue the hearing on the merits, and required a status report if the parties did not finalize a settlement by March 23, 2018.
77. On February 13, 2018, Vineyard Ridge filed the third supplement to its application. That supplement included a cost breakdown of tap fees, a breakdown of water system operational costs, TCEQ's review and approval of a drought contingency plan, and a breakdown of non-sufficient fund fees.
78. On February 13, 2018, the SOAH mediator filed a report that the parties had resolved their dispute.

79. On March 23, 2018, Vineyard Ridge filed a status report and requested more time to file either settlement documents or a status report.
80. On March 23, 2018, Vineyard Ridge submitted a signed form consenting to the map, certificate, and tariff prepared by Commission Staff.
81. In SOAH Order No. 5 issued on March 27, 2018, the SOAH ALJ granted Vineyard Ridge's request for an extension of time to file settlement documents or a status report.
82. On April 2, 2018, Commission Staff filed a recommendation that the Commission approve Vineyard Ridge's application.
83. On April 2, 2018, Vineyard Ridge and Commission Staff filed a joint motion to admit evidence, remand the docket to the Commission for final action, and approve the proposed order attached to the motion.
84. In SOAH Order No. 6 issued on April 5, 2018, the SOAH ALJ admitted evidence, remanded the proceeding to the Commission, and dismissed the SOAH docket.

II. Conclusions of Law

1. Vineyard Ridge will be a public utility and a utility as defined in Texas Water Code § 13.002(23)¹ and 16 TAC §§ 24.3(51) and 24.3(75) when it begins providing service for compensation.
2. Vineyard Ridge will be a retail public utility as defined in TWC § 13.002(19) and 16 TAC § 24.3(59) when it begins operating, maintaining, or controlling its system for compensation.
3. The Commission has jurisdiction over this matter under TWC §§ 13.041, 13.182, 13.183, 13.241, 13.242, 13.244, and 13.246.
4. Public notices of the application were provided as required by TWC § 13.246 and 16 TAC § 24.106.

¹ Tex. Water Code Ann. § 13.002(23) (West 2008 & Supp. 2017) (TWC).

5. The Commission processed the application in accordance with the requirements of the Administrative Procedure Act,² the TWC, and Commission rules.
6. Vineyard Ridge requests that the Commission approve a tariff, including retail rates, to become effective when Vineyard Ridge begins to provide retail service to the public.
7. Vineyard Ridge demonstrated adequate financial, managerial, and technical capability for providing continuous and adequate service to the requested area in Gillespie County as required under TWC § 13.241(a) and 16 TAC § 24.102(a).
8. Vineyard Ridge demonstrated that TCEQ has approved its public water system and determined that it is capable of providing drinking water that meets the requirements of chapter 341 of the Texas Health and Safety Code, TCEQ rules, and the requirements of the TWC as required under TWC § 13.241(b)(1) and 16 TAC § 24.102(a)(1)(A).
9. Vineyard Ridge demonstrated that TCEQ has determined that Vineyard Ridge has access to an adequate supply of water as required under TWC § 13.241(b)(2) and 16 TAC § 24.102(a)(1)(B).
10. Vineyard Ridge demonstrated that regionalization or consolidation with another retail public utility is not economically feasible as required under TWC § 13.241(d) and 16 TAC § 24.102(b).
11. After considering the factors set forth in TWC § 13.246(c) and 16 TAC § 24.102(d), the Commission determines that issuance of a CCN to Vineyard Ridge is necessary for the service, accommodation, convenience, or safety of the public under TWC § 13.246.
12. The rates in the proposed tariff attached to Commission Staff's recommendation filed on April 2, 2018 are just and reasonable for customers and the utility as required by TWC §§ 13.182 and 13.183(c) and 16 TAC § 24.21(b).
13. Approval of this application will set Vineyard Ridge's overall revenues at a level that will permit a reasonable opportunity to earn a reasonable return on invested capital, once used and useful in rendering service to the public, plus its reasonable and necessary operating

² Tex. Gov't Code Ann. §§ 2001.001-.902 (West 2016 & Supp. 2017).

14. Under 16 TAC § 24.21(b)(1)(C), Vineyard Ridge is required to file a rate application within 18 months from the date service begins to adjust the rates to a historic test year and true up of the new tariffed rates.
15. Under TWC § 13.257(r) and (s), Vineyard Ridge is required to record a certified copy of the approved CCN and map, along with a boundary description of the service area, in the real property records of each county in which the service area or a portion of the service area is located and submit to the Commission evidence of the recording.
16. The requirements for informal disposition in 16 TAC § 22.35 have been met in this proceeding.

III. Ordering Paragraphs

In accordance with these findings of fact and conclusions of law, the Commission issues the following orders:

1. The Commission approves Vineyard Ridge's application, as supplemented, and to the extent provided in this Order.
2. The Commission grants Vineyard Ridge CCN number 13265 attached to this Order for the area in Gillespie County described in this Order and depicted on the map attached to this Order.
3. The Commission approves the rates and terms in the tariff attached to this Order, subject to true up.
4. Vineyard Ridge shall file a rate change application, including the true up required under 16 TAC § 24.21(b)(1)(C), within 18 months from the date service begins.
5. Vineyard Ridge shall provide continuous and adequate service to every customer and applicant for service within the area certified under CCN number 13265 as required under TWC § 13.250 and 16 TAC § 24.114.
6. Vineyard Ridge shall file in this docket evidence of the recording required under TWC § 13.257(r) and (s) no later than 31 days after receipt of this Order.
7. Vineyard Ridge shall construct all infrastructure to minimize any environmental impact from construction.

8. All other motions and any other requests for general or specific relief, if not expressly granted in this Order, are denied.

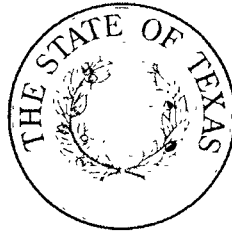
Signed at Austin, Texas the _____ day of August 2018.

PUBLIC UTILITY COMMISSION OF TEXAS

DEANN T. WALKER, CHAIRMAN

ARTHUR C. D'ANDREA, COMMISSIONER

SHELLY BOTKIN, COMMISSIONER



Public Utility Commission of Texas

By These Presents Be It Known To All That

Vineyard Ridge, LLC

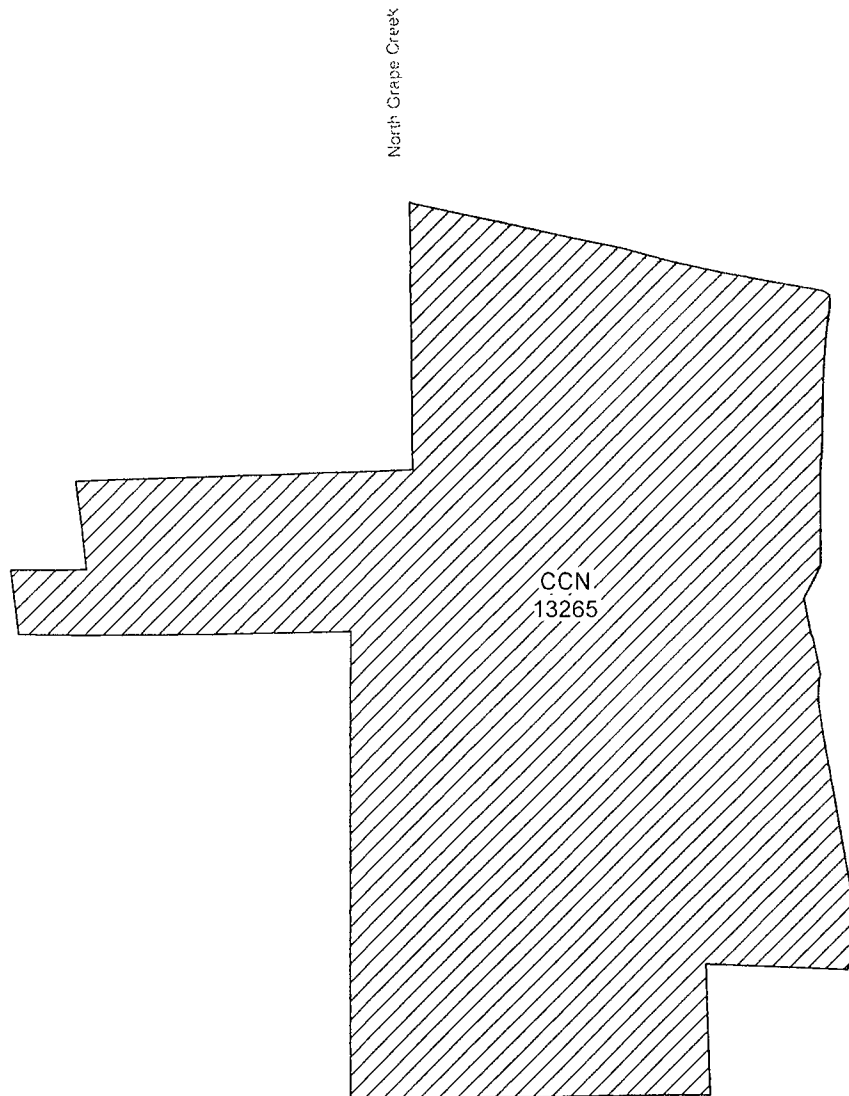
having duly applied for certification to provide water utility service for the convenience and necessity of the public, and it having been determined by this Commission that the public convenience and necessity would in fact be advanced by the provision of such service, Vineyard Ridge, LLC is entitled to this

Certificate of Convenience and Necessity No. 13265

to provide continuous and adequate water utility service to that service area or those service areas in Gillespie County as by final Order or Orders duly entered by this Commission, which Order or Orders resulting from Docket No. 46948 are on file at the Commission offices in Austin, Texas; and are a matter of official record available for public inspection; and be it known further that these presents do evidence the authority and the duty of Vineyard Ridge, LLC to provide such utility service in accordance with the laws of this State and Rules of this Commission, subject only to any power and responsibility of this Commission to revoke or amend this Certificate in whole or in part upon a subsequent showing that the public convenience and necessity would be better served thereby.

Issued at Austin, Texas, the _____ day of _____ 2018.

Vineyard Ridge, LLC
Water CCN No. 13265
PUC Docket No. 46948
Obtained New CCN in Gillespie County



Public Utility Commission of Texas
701 N. Congress Ave
Austin, TX 78701

Water CCN



13265 - Vineyard Ridge LLC

0 800 1,600
Feet



Map by: Komal Patel
Date created: March 9, 2018
Project Path: n:\finalmapping\46948\VineyardRidge.mxd



WATER UTILITY TARIFF
Docket Number: 46948

Vineyard Ridge, LLC
(Utility Name)

P. O. Box 1987
(Business Address)

Marble Falls, Texas 78654
(City, State, Zip Code)

(800) 511-2430
(Area Code/Telephone)

This tariff is effective for utility operations under the following Certificate of Convenience and Necessity:

13265

This tariff is effective in the following counties:

Gillespie

This tariff is effective in the following cities or unincorporated towns (if any):

None

This tariff is effective in the following subdivisions and public water systems:

Vineyard Ridge Subdivision, PWS No. 0860144

TABLE OF CONTENTS

The above utility lists the following sections of its tariff (if additional pages are needed for a section, all pages should be numbered consecutively):

SECTION 1.0 -- RATE SCHEDULE	2
SECTION 2.0 -- SERVICE RULES AND POLICIES	4
SECTION 3.0 -- EXTENSION POLICY	10

APPENDIX A -- DROUGHT CONTINGENCY PLAN
APPENDIX B -- SAMPLE SERVICE AGREEMENT
APPENDIX C -- APPLICATION FOR SERVICE

SECTION 1.0 - RATE SCHEDULE

Section 1.01 - Rates

<u>Meter Size</u>	<u>Monthly Base Rate</u>	<u>Gallonage Charge</u>
5/8" or 3/4"	<u>\$25.25</u> (Includes 0 gallons)	<u>\$2.07</u> per 1,000 gallons

FORM OF PAYMENT: The utility will accept the following forms of payment:

Cash X, Check X, Money Order X, Credit Card X, Other (specify)
 THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS
 MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH
 PAYMENTS.

REGULATORY ASSESSMENT 1.0%
 PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL
 AND TO REMIT FEE TO THE TCEQ.

Section 1.02 - Miscellaneous Fees

TAP FEE \$1,500.00
 TAP FEE COVERS THE UTILITY'S COSTS FOR MATERIALS AND LABOR TO INSTALL A STANDARD
 RESIDENTIAL 5/8" or 3/4" METER. AN ADDITIONAL FEE TO COVER UNIQUE COSTS IS PERMITTED IF LISTED
 ON THIS TARIFF.

TAP FEE (Unique costs)..... Actual Cost
 FOR EXAMPLE, A ROAD BORE FOR CUSTOMERS OUTSIDE OF SUBDIVISIONS OR RESIDENTIAL AREAS.

TAP FEE (Large meter)..... Actual Cost
 TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METER SIZE INSTALLED.

METER RELOCATION FEE Actual Relocation Cost, Not to Exceed Tap Fee
 THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS THAT AN EXISTING METER BE RELOCATED.

METER TEST FEE \$25.00
 THIS FEE WHICH SHOULD REFLECT THE UTILITY'S COST MAY BE CHARGED IF A CUSTOMER REQUESTS
 A SECOND METER TEST WITHIN A TWO-YEAR PERIOD AND THE TEST INDICATES THAT THE METER IS
 RECORDING ACCURATELY. THE FEE MAY NOT EXCEED \$25.

SECTION 1.0 - RATE SCHEDULE (Continued)

RECONNECTION FEE

THE RECONNECT FEE MUST BE PAID BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS (OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF):

- a) Non-payment of bill (Maximum \$25.00).....\$25.00
- b) Customer's request that service be disconnected\$25.00

TRANSFER FEE\$30.00

THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

LATE CHARGE (EITHER \$5.00 OR 10% OF THE BILL)..... 10%

PUC RULES ALLOW A ONE-TIME PENALTY TO BE CHARGED ON DELINQUENT BILLS. A LATE CHARGE MAY NOT BE APPLIED TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE\$25.00

RETURNED CHECK CHARGES MUST BE BASED ON THE UTILITY'S DOCUMENTABLE COST.

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)\$50.00COMMERCIAL & NON-RESIDENTIAL DEPOSIT 1/6TH OF ESTIMATED ANNUAL BILL

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE:

WHEN AUTHORIZED IN WRITING BY PUC AND AFTER NOTICE TO CUSTOMERS, THE UTILITY MAY INCREASE RATES TO RECOVER INCREASED COSTS FOR INSPECTION FEES AND WATER TESTING. [16 TAC 24.21(b)(2)(F)]

LINE EXTENSION AND CONSTRUCTION CHARGES:

REFER TO SECTION 3.0--EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES WHEN NEW CONSTRUCTION IS NECESSARY TO PROVIDE SERVICE.

SECTION 2.0 -- SERVICE RULES AND POLICIES

The utility will have the most current Public Utility Commission of Texas (PUC or Commission) Rules, Chapter 24, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.01 - Application for Water Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff), will be signed by the applicant, any required fees (deposits, reconnect, tap, extension fees, etc. as applicable) will be paid and easements, if required, will be granted before service is provided by the utility. A separate application or contract will be made for each service location.

Section 2.02 - Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the PUC Rules. In the event that the utility refuses to serve an applicant, the utility will inform the applicant in writing of the basis of its refusal. The utility is also required to inform the applicant that a complaint may be filed with the Commission.

Section 2.03 - Fees and Charges & Easements Required Before Service Can Be Connected

(A) Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant may be required to pay a deposit as provided for in Section 1.02 - Miscellaneous Fees of this tariff. The utility will keep records of the deposit and credit interest in accordance with PUC Rules.

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the utility or another water or sewer utility which accrued within the last two years.

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

Refund of deposit. If service is not connected, or after disconnection of service, the utility will promptly refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund the deposit at any time prior to termination of utility service but must refund the deposit plus interest for any residential customer who has paid 18 consecutive billings without being delinquent.

(B) Tap or Reconnect Fees

A new customer requesting service at a location where service has not previously been provided must pay a tap fee as provided in Section 1. A customer requesting service where service has previously been provided must pay a reconnect fee as provided in Section 1. Any applicant or existing customer required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to request for payment and/or commencement of construction.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

If the applicant or existing customer does not believe that these costs are reasonable or necessary, the applicant or existing customer shall be informed of their right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's or existing customer's property(ies) is located.

Fees in addition to the regular tap fee may be charged if listed specifically in Section 1 to cover unique costs not normally incurred as permitted by 16 TAC § 24.86(a)(1)(C). For example, a road bore for customers outside a subdivision or residential area could be considered a unique cost.

(C) Easement Requirement

Where recorded public utility easements on the service applicant's property do not exist or public road right-of-way easements are not available to access the applicant's property, the Utility may require the applicant to provide it with a permanent recorded public utility easement on and across the applicant's real property sufficient to provide service to that applicant. Such easement(s) shall not be used for the construction of production, storage, transmission or pressure facilities unless they are needed for adequate service to that applicant.

Section 2.04 - Utility Response to Applications for Service

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, meter and utility cut-off valve and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the utility will provide the applicant with a written explanation of the construction required and an expected date of service.

Except for good cause where service has previously been provided, service will be reconnected within one working day after the applicant has met the requirements for reconnection.

Section 2.05 - Customer Responsibility

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers will not be allowed to use the utility's cutoff valve on the utility's side of the meter. Existing customers may install cutoff valves on their side of the meter and are encouraged to do so. All new customers may be required to install and maintain a cutoff valve on their side of the meter.

No direct connection between a public water supply system and any potential source of contamination or between a public water supply system and a private water source (ex. private well) will be allowed. A customer shall not connect, or allow any other person or party to connect, onto any water lines on his premises.

SECTION 2.0 – SERVICE RULES AND POLICIES (Continued)

Section 2.06 - Customer Service Inspections

Applicants for new service connections or facilities which have undergone extensive plumbing modifications are required to furnish the utility a completed customer service inspection certificate. The inspection certificate shall certify that the establishment is in compliance with the Texas Commission on Environmental Quality (TCEQ) Rules and Regulations for Public Water Systems, 30 TAC § 290.46(j). The Utility is not required to perform these inspections for the applicant/customer, but will assist the applicant/customer in locating and obtaining the services of a certified inspector.

Section 2.07 - Back Flow Prevention Devices

No water connection shall be allowed to any residence or establishment where an actual or potential contamination hazard exists unless the public water facilities are protected from contamination by either an approved air gap, backflow prevention assembly, or other approved device. The type of device or backflow prevention assembly required shall be determined by the specific potential hazard identified in 30 TAC § 290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems.

The use of a backflow prevention assembly at the service connection shall be considered as additional backflow protection and shall not negate the use of backflow protection on internal hazards as outlined and enforced by local plumbing codes. When a customer service inspection certificate indicates that an adequate internal cross-connection control program is in effect, backflow protection at the water service entrance or meter is not required.

At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in 30 TAC § 290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems, then a backflow prevention assembly or device is not required. Outside hose bibs do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker.

All backflow prevention assemblies or devices shall be tested upon installation by a TCEQ certified backflow prevention assembly tester and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against health hazards must also be tested and certified to be operating within specifications at least annually by a certified backflow prevention assembly tester.

If the utility determines that a backflow prevention assembly or device is required, the utility will provide the customer or applicant with a list of TCEQ certified backflow prevention assembly testers. The customer will be responsible for the cost of installation and testing, if any, of backflow prevention assembly or device. The customer should contact several qualified installers to compare prices before installation. The customer must pay for any required maintenance and annual testing and must furnish a copy of the test results demonstrating that the assembly is functioning properly to the utility within 30 days after the anniversary date of the installation unless a different date is agreed upon.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.08 - Access to Customer's Premises

The utility will have the right of access to the customer's premises at all reasonable times for the purpose of installing, testing, inspecting or repairing water mains or other equipment used in connection with its provision of water service, or for the purpose of removing its property and disconnecting lines, and for all other purposes necessary to the operation of the utility system including inspecting the customer's plumbing for code, plumbing or tariff violations.

The customer shall allow the utility and its personnel access to the customer's property to conduct any water quality tests or inspections required by law. Unless necessary to respond to equipment failure, leak or other condition creating an immediate threat to public health and safety or the continued provision of adequate utility service to others, such entry upon the customer's property shall be during normal business hours and the utility personnel will attempt to notify the customer that they will be working on the customer's property. The customer may require any utility representative, employee, contractor, or agent seeking to make such entry identify themselves, their affiliation with the utility, and the purpose of their entry.

All customers or service applicants shall provide access to meters and utility cutoff valves at all times reasonably necessary to conduct ordinary utility business and after normal business hours as needed to protect and preserve the integrity of the public drinking water supply.

Section 2.09 - Meter Requirements, Readings, and Testing

One meter is required for each residential, commercial, or industrial connection. All water sold by the utility will be billed based on meter measurements. The utility will provide, install, own and maintain meters to measure amounts of water consumed by its customers.

Meters will be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period unless otherwise authorized by the Commission.

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his or her presence or in that of his or her authorized representative, make without charge a test of the accuracy of the customer's meter. If the customer asks to observe the test, the test will be made during the utility's normal working hours at a time convenient to the customer. Whenever possible, the test will be made on the customer's premises, but may, at the utility's discretion, be made at the utility's testing facility. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

Section 2.10 - Billing(A) Regular Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. The due date of bills for utility service will be at least sixteen (16) days from the date of issuance.

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SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

The postmark on the bill or, if there is no postmark on the bill, the recorded date of mailing by the utility will constitute proof of the date of issuance. Payment for utility service is delinquent if full payment, including late fees and the regulatory assessment, is not received at the utility or the utility's authorized payment agency by 5:00 p.m. on the due date. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next workday after the due date.

(B) Late Fees

A late penalty of either \$5.00 or 10.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

(C) Information on Bill

Each bill will provide all information required by the PUC Rules. For each of the systems it operates, the utility will maintain and note on the monthly bill a local or toll-free telephone number (or numbers) to which customers can direct questions about their utility service.

(D) Prorated Bills

If service is interrupted or seriously impaired for 24 consecutive hours or more, the utility will prorate the monthly base bill in proportion to the time service was not available to reflect this loss of service.

Section 2.11- Payments

All payments for utility service shall be delivered or mailed to the utility's business office. If the business office fails to receive payment prior to the time of noticed disconnection for non-payment of a delinquent account, service will be terminated as scheduled. Utility service crews shall not be allowed to collect payments on customer accounts in the field.

Payment of an account by any means that has been dishonored and returned by the payor or payee's bank, shall be deemed to be delinquent. All returned payments must be redeemed with cash or valid money order. If a customer has two returned payments within a twelve month period, the customer shall be required to pay a deposit if one has not already been paid.

Section 2.12 - Service Disconnection

(A) With Notice

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered.

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

Notice of termination must be a separate mailing or hand delivery in accordance with the PUC Rules.

B) Without Notice

Utility service may also be disconnected without notice for reasons as described in the PUC Rules.

SECTION 2.0 -- SERVICE RULES AND POLICIES (Continued)

Section 2.13 - Reconnection of Service

Utility personnel must be available during normal business hours to accept payments on the day service is disconnected and the following day unless service was disconnected at the customer's request or due to a hazardous condition.

Service will be reconnected within 36 hours after the past due bill, reconnect fees and any other outstanding charges are paid or the conditions which caused service to be disconnected are corrected.

Section 2.14 - Service Interruptions

The utility will make all reasonable efforts to prevent interruptions of service. If interruptions occur, the utility will re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, the utility will keep a complete record of all interruptions, both emergency and scheduled and will notify the Commission in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice will explain the cause of the interruptions.

Section 2.15 - Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by PUC and TCEQ, the utility will maintain facilities as described in the TCEQ Rules and Regulations for Public Water Systems.

Section 2.16 - Customer Complaints and Disputes

If a customer or applicant for service lodges a complaint, the utility will promptly make a suitable investigation and advise the complainant of the results. Service will not be disconnected pending completion of the investigation. If the complainant is dissatisfied with the utility's response, the utility must advise the complainant that he has recourse through the PUC complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

The utility will maintain a record of all complaints which shows the name and address of the complainant, the date and nature of the complaint and the adjustment or disposition thereof, for a period of two years after the final settlement of the complaint.

In the event of a dispute between a customer and a utility regarding any bill for utility service, the utility will conduct an investigation and report the results to the customer. If the dispute is not resolved, the utility will inform the customer that a complaint may be filed with the Commission.

Section 2.17 - Customer Liability

Customer shall be liable for any damage or injury to utility-owned property shown to be caused by the customer.

SECTION 3.0 -- EXTENSION POLICY

Section 3.01 - Standard Extension Requirements

Line Extension and Construction Charges. No Contribution in Aid of Construction may be required of any customer except as provided for in this approved tariff.

The Utility is not required to extend service to any applicant outside of its certified service area and will only do so under terms and conditions mutually agreeable to the Utility and the applicant, in compliance with PUC rules and policies, and upon extension of the Utility's certified service area boundaries by the PUC.

The applicant for service will be given an itemized statement of the costs, options such as rebates to the customer, sharing of construction costs between the utility and the customer, or sharing of costs between the customer and other applicants prior to beginning construction.

Section 3.02 - Costs Utilities and Service Applicants Shall Bear

Within its certified area, the utility will pay the cost of the first 200 feet of any water main or distribution line necessary to extend service to an individual residential customer within a platted subdivision.

However, if the residential customer requesting service purchased the property after the developer was notified in writing of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

Residential customers will be charged the equivalent of the costs of extending service to their property from the nearest transmission or distribution line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the additional cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

Unless an exception is granted by the PUC, the residential service applicant shall not be required to pay for costs of main extensions greater than 2" in diameter for water distribution and pressure wastewater collection lines and 6" in diameter for gravity wastewater lines.

Exceptions may be granted by the PUC if:

- adequate service cannot be provided to the applicant using the maximum line sizes listed due to distance or elevation, in which case, it shall be the utility's burden to justify that a larger diameter pipe is required for adequate service;
- or larger minimum line sizes are required under subdivision platting requirements or building codes of municipalities within whose corporate limits or extraterritorial jurisdiction the point of use is located; or the residential service applicant is located outside the CCN service area.

If an exception is granted, by the PUC, the utility shall establish a proportional cost plan for the specific extension or a rebate plan which may be limited to seven years to return the portion of the applicant's costs for oversizing as new customers are added to ensure that future applicants for service on the line pay at least as much as the initial service applicant.

SECTION 3.0 -- EXTENSION POLICY (Continued)

For purposes of determining the costs that service applicants shall pay, commercial customers with service demands greater than residential customer demands in the certified area, industrial, and wholesale customers shall be treated as developers. A service applicant requesting a one inch meter for a lawn sprinkler system to service a residential lot is not considered nonstandard service.

If an applicant requires service other than the standard service provided by the utility, such applicant will be required to pay all expenses incurred by the utility in excess of the expenses that would be incurred in providing the standard service and connection beyond 200 feet and throughout his property including the cost of all necessary transmission facilities.

The utility will bear the full cost of any over-sizing of water mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional production, storage, or treatment facilities. Contributions in aid of construction may not be required of individual residential customers for production, storage, treatment or transmission facilities unless otherwise approved by the Commission under this specific extension policy.

Section 3.03 - Contributions in Aid of Construction

Developers may be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with TCEQ minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or TCEQ minimum requirements. For purposes of this subsection, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

Any applicant who places unique or non-standard service demands on the system may be required to provide contributions in aid of construction for the actual costs of any additional facilities required to maintain compliance with the TCEQ minimum design criteria for water production, treatment, pumping, storage and transmission.

Any service extension to a subdivision (recorded or unrecorded) may be subject to the provisions and restrictions of 16 TAC § 24.86(d). When a developer wishes to extend the system to prepare to service multiple new connections, the charge shall be the cost of such extension, plus a pro-rata charge for facilities which must be committed to such extension compliant with the TCEQ minimum design criteria. As provided by 16 TAC § 24.85(e)(3), for purposes of this section, commercial, industrial, and wholesale customers shall be treated as developers.

A utility may only charge a developer standby fees for unrecovered costs of facilities committed to a developer's property under the following circumstances:

- Under a contract and only in accordance with the terms of the contract; or
- if service is not being provided to a lot or lots within two years after installation of facilities necessary to provide service to the lots has been completed and if the standby fees are included on the utilities approved tariff after a rate change application has been filed. The fees cannot be billed to the developer or collected until the standby fees have been approved by the commission or executive director.
- for purposes of this section, a manufactured housing rental community can only be charged standby fees under a contract or if the utility installs the facilities necessary to provide individually metered service to each of the rental lots or spaces in the community.

SECTION 3.0 -- EXTENSION POLICY (Continued)

Section 3.04 - Appealing Connection Costs

The imposition of additional extension costs or charges as provided by Sections 3.0 - Extension Policy of this tariff shall be subject to appeal as provided in this tariff, PUC rules, or the rules of such other regulatory authority as may have jurisdiction over the utility's rates and services.

Any applicant required to pay for any costs not specifically set forth in the rate schedule pages of this tariff shall be given a written explanation of such costs prior to payment and/or commencement of construction. If the applicant does not believe that these costs are reasonable or necessary, the applicant shall be informed of the right to appeal such costs to the PUC or such other regulatory authority having jurisdiction over the utility's rates in that portion of the utility's service area in which the applicant's property(ies) is located.

Section 3.05 - Applying for Service

The Utility will provide a written service application form to the applicant for each request for service received by the Utility's business offices. A separate application shall be required for each potential service location if more than one service connection is desired by any individual applicant. Service application forms will be available at the Utility's business office during normal weekday business hours. Service applications will be sent by prepaid first class United States mail to the address provided by the applicant upon request. Completed applications should be returned by hand delivery in case there are questions which might delay fulfilling the service request. Completed service applications may be submitted by mail if hand delivery is not possible.

Where a new tap or service connection is required, the service applicant shall be required to submit a written service application and request that a tap be made. A diagram, map, plat, or written metes and bounds description of precisely where the applicant desires each tap or service connection is to be made and, if necessary, where the meter is to be installed, along the applicant's property line may also be required with the tap request.

The actual point of connection and meter installation must be readily accessible to Utility personnel for inspection, servicing, and meter reading while being reasonably secure from damage by vehicles and mowers. If the Utility has more than one main adjacent to the service applicant's property, the tap or service connection will be made to the Utility's nearest service main with adequate capacity to service the applicant's full potential service demand. Beyond the initial 200 feet, the customer shall bear only the equivalent cost of extending from the nearest main. If the tap or service connection cannot be made at the applicant's desired location, it will be made at another location mutually acceptable to the applicant and the Utility. If no agreement on location can be made, the applicant may refer the matter to the PUC for resolution.

Section 3.06 - Qualified Service Applicant

A "qualified service applicant" is an applicant who has: (1) met all of the Utility's requirements for service contained in this tariff, PUC rules and/or PUC order, (2) has made payment or made arrangement for payment of tap fees, (3) has provided all easements and rights-of-way required to provide service to the requested location, (4) delivered an executed customer service inspection certificate to the Utility, if applicable, and (5) has executed a customer service application for each location to which service is being requested.

SECTION 3.0 -- EXTENSION POLICY (Continued)

The utility shall serve each qualified service applicant within its certified service area as soon as practical after receiving a completed service application. All service requests will be fulfilled within the time limits prescribed by PUC rules once the applicant has met all conditions precedent to achieving "qualified service applicant" status. If a service request cannot be fulfilled within the required period, the applicant shall be notified in writing of the delay, its cause and the anticipated date that service will be available. The PUC service dates shall not become applicable until the service applicant has met all conditions precedent to becoming a qualified service applicant as defined by PUC rules.

Section 3.07 - Developer Requirements

As a condition of service to a new subdivision, the Utility shall require a developer (as defined by PUC rule) to provide permanent recorded public utility easements as a condition of service to any location within the developer's property.

APPENDIX A – DROUGHT CONTINGENCY PLAN

“This page incorporates by reference the utility’s Drought Contingency Plan, as approved and periodically amended by the Texas Commission on Environmental Quality.”

APPENDIX B -- SAMPLE SERVICE AGREEMENT

From 30 TAC Chapter 290.47(b), Appendix B SERVICE AGREEMENT

- I. **PURPOSE.** The NAME OF WATER SYSTEM is responsible for protecting the drinking water supply from contamination or pollution which could result from improper private water distribution system construction or configuration. The purpose of this service agreement is to notify each customer of the restrictions which are in place to provide this protection. The utility enforces these restrictions to ensure the public health and welfare. Each customer must sign this agreement before the NAME OF WATER SYSTEM will begin service. In addition, when service to an existing connection has been suspended or terminated, the water system will not re-establish service unless it has a signed copy of this agreement.
- II. **RESTRICTIONS.** The following unacceptable practices are prohibited by State regulations.
- A. No direct connection between the public drinking water supply and a potential source of contamination is permitted. Potential sources of contamination shall be isolated from the public water system by an air-gap or an appropriate backflow prevention device.
 - B. No cross-connection between the public drinking water supply and a private water system is permitted. These potential threats to the public drinking water supply shall be eliminated at the service connection by the installation of an air-gap or a reduced pressure-zone backflow prevention device.
 - C. No connection which allows water to be returned to the public drinking water supply is permitted.
 - D. No pipe or pipe fitting which contains more than 0.25% lead may be used for the installation or repair of plumbing at any connection which provides water for human use.
 - E. No solder or flux which contains more than 0.2% lead can be used for the installation or repair of plumbing at any connection which provides water for human use.
- III. **SERVICE AGREEMENT.** The following are the terms of the service agreement between the NAME OF WATER SYSTEM (the Water System) and NAME OF CUSTOMER (the Customer).
- A. The Water System will maintain a copy of this agreement as long as the Customer and/or the premises is connected to the Water System.
 - B. The Customer shall allow his property to be inspected for possible cross-connections and other potential contamination hazards. These inspections shall be conducted by the Water System or its designated agent prior to initiating new water service; when there is reason to believe that cross-connections or other potential contamination hazards exist; or after any major changes to the private water distribution facilities. The inspections shall be conducted during the Water System's normal business hours.
 - C. The Water System shall notify the Customer in writing of any cross-connection or other potential contamination hazard which has been identified during the initial inspection or the periodic reinspection.
 - D. The Customer shall immediately remove or adequately isolate any potential cross-connections or other potential contamination hazards on his premises.
 - E. The Customer shall, at his expense, properly install, test, and maintain any backflow prevention device required by the Water System. Copies of all testing and maintenance records shall be provided to the Water System.
- IV. **ENFORCEMENT.** If the Customer fails to comply with the terms of the Service Agreement, the Water System shall, at its option, either terminate service or properly install, test, and maintain an appropriate backflow prevention device at the service connection. Any expenses associated with the enforcement of this agreement shall be billed to the Customer.

CUSTOMER'S SIGNATURE: _____

DATE: _____

APPENDIX C -- APPLICATION FOR SERVICE
(Utility Must Attach Blank Copy)